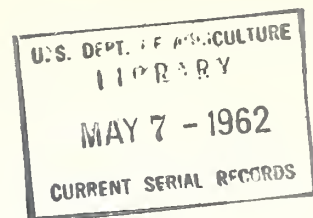


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Prospects for Foreign Trade in

**DAIRY CATTLE AND DAIRY
AND POULTRY PRODUCTS**

Foreign Agricultural Service
UNITED STATES DEPARTMENT OF AGRICULTURE
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PROSPECTS FOR FOREIGN TRADE IN DAIRY CATTLE AND DAIRY AND POULTRY PRODUCTS

World Situation

Dairy Industry

World milk production in 1961 was up about 1 percent over 1960. During 1961 conditions were generally favorable for milk production throughout Western Europe, and final data on production in that area may show output up by as much as 2 percent over the high level of 1960. Output in North America was also up, production in Canada was at a record high, and in the United States production was near the record level established in 1956.

Consumption of fresh fluid milk again failed to keep pace with increased output in 1961; the bulk of the larger supplies available for processing went into butter, but more was available too for cheese, canned milk, and dried milk.

Butter production of the major producing countries in 1961, estimated at 10.7 billion pounds, was up about 2 percent over 1960. Output of other processed whole milk products - cheese, canned milk, and dried milk - rose by 3 to 4 percent. The increased production of butter pushed production of nonfat dry milk up sharply.

The principal U.S. dairy export, nonfat dry milk, continued to share in a growing world market based on the fact that governments and private consumers alike are more and more conscious of this product's nutritional value. World commercial trade totaled about 360 million pounds in 1961 compared with 118 million in 1950.

TABLE 1.--World commercial trade in nonfat dry milk

Country of export	1950	1958	1959	1960	1961 ¹
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
New Zealand	56.5	80.4	111.4	94.1	90.0
Australia	12.8	36.2	62.7	40.4	45.0
Canada	9.1	35.6	76.9	46.4	45.0
Netherlands	18.3	8.1	16.1	8.6	10.0
France	2.0	10.3	22.4	20.0	26.0
United States	19.1	41.3	93.0	78.8	100.0
Others	--	31.7	37.5	40.0	50.0
Total	117.8	243.6	² 420.0	328.3	366.0

¹Preliminary.

²Because of the severe drought in the summer of 1959 in Western Europe, the substantial increase in world exports partly reflects increased takings by this area.

The price outlook for dairy products in 1962 continues uncertain. In general, supplies of most milk products are in excess of effective demand. Although some short-term remedies for alleviating the butter surplus situation have been initiated in several countries, there remains a strong possibility that stocks will continue burdensome through the winter months. Early in November, several major exporting countries, including New Zealand, Australia, Denmark and the Netherlands voluntarily agreed to limit butter shipments to the United Kingdom through March of 1962. To make this agreement fully effective, the United Kingdom is prepared to apply counter-vailing import duties to butter shipments from countries which do not limit shipments to a specified quantity through March of 1962. Export outlets for butter outside the United Kingdom are extremely limited, and with the high level of consumption that has been maintained in that country during the past year, any increase in takings by the United Kingdom in 1962 will be relatively small. Assuming normal weather conditions, the prospects are for a continued high level of milk production through 1962. In general, prices of dairy products, particularly butter, cheese, and nonfat dry milk, will remain under heavy pressure at least through the early part of 1962.

Poultry Industry

World production and trade in poultry meat continues to expand. Since World War II, following the example set by the United States, other countries have been building up the commercial production of poultry meat; the increase in output has been widespread and can be expected to continue. The increase in Western Europe alone during recent years has been substantial. Rising incomes and increased use of high protein foods have contributed to the rapid growth in consumer demand for poultry meat.

TABLE 2.--Poultry meat production in selected European countries, 1956-60¹

Country	1956	1957	1958	1959	1960
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
Denmark	50.6	50.8	56.3	79.4	121.0
France	² 657.0	³ 690.0	738.3	771.4	804.7
Italy	161.4	167.5	186.4	275.5	400.0
Netherlands	111.3	131.1	⁴ 157.3	⁴ 193.5	219.3
West Germany	154.3	165.3	194.0	234.7	242.5
United Kingdom	274.6	307.7	380.9	387.1	481.2
Six-country total	1,409.2	1,512.4	1,713.2	1,941.6	2,268.7
Percentage change from previous year	--	<i>Percent</i> 7.3	<i>Percent</i> 13.3	<i>Percent</i> 13.3	<i>Percent</i> 16.8

¹Data for each country believed to represent slaughter weight.

²ECE estimate.

³Independent estimate.

⁴Estimated on basis of increase in exportable supplies.

World trade in poultry meat has increased each year since 1955. In 1956, exports reported by the major supplying countries totaled 200 million pounds, and by 1960, they had increased to well over 400 million pounds. In 1961, trade approximated 500 million pounds; Western Germany, the largest single market for poultry meat, took over 300 million.

The United States continues to be the leading supplier of poultry meat to the export market, despite the numerous barriers still in existence against the free movement of U.S. poultry. Through the efforts of U.S. agricultural attachés and Foreign Service officers abroad, constant efforts are being made to remove or minimize the effects of existing trade barriers and to open up new markets for U.S. poultry products.

TABLE 3.--Exports of poultry meat¹ by major suppliers, 1956-60

Country of export	1956	1957	1958	1959	1960
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
United States	44.6	41.9	51.3	125.7	176.6
Netherlands	50.2	65.5	76.0	80.6	98.2
Denmark	27.3	30.3	38.6	55.4	75.4
Poland	19.1	23.1	26.6	33.6	30.8
Hungary	18.6	19.0	19.9	24.9	22.2
Others	40.9	37.9	35.4	34.6	22.4
Total	200.7	217.7	247.8	354.8	425.6

¹Slaughtered poultry.

U. S. Export Trade

Dairy Cattle

U.S. exports of dairy cattle for breeding again reached a total of around 12,000 head in 1961, for the third time in 5 years. Mexico continued to be the major market, with takings of some 5,000 head--up slightly from 1960. Second was Cuba, with around 3,500 head purchased before the embargo on U.S. shipments of productive goods. Third was Canada, a growing market with about 1,500. Venezuela, formerly second largest buyer of U.S. dairy cattle, last year bought only some 500 head.

Dairy Products

On a whole-milk-equivalent basis, exports of U.S. dairy products showed a decline in 1961 for the third year in a row. This decline was due to lower exports of butter, cheese, and dry whole milk. Although government purchases of butter and cheese for price support purposes were substantially higher than in 1960, exports of whole milk products under special government programs continued quite limited through calendar year 1961. Dollar exports of butter and cheese were again negligible, mainly because of limited commercial demand and the availability of these items in Western

Europe from traditional suppliers at very low prices.

U.S. exports of evaporated and condensed whole milk showed a slight gain in 1961, while exports of dry whole milk were down substantially. Sales of evaporated and dry whole milk are mainly for dollars, with the Philippines the major market for evaporated milk and Venezuela the principal market for dry whole milk. Because of increased production of both fresh and processed milk in Venezuela, imports of dry whole milk into that country were substantially reduced.

U.S. exports of nonfat dry milk from 1956 through 1961 have averaged about 600 million pounds annually, the bulk being donation shipments under Title III of PL 480, section 416. However, U.S. commercial exports, either dollar sales or shipments under government programs handled through commercial channels, have been expanding; dollar sales of nonfat dry milk increased from 37 million pounds in 1956 to about 75 million in 1961.

Poultry Products

In 1961, mainly because of the continued strong demand for U.S. chicken meat in Western Europe, U.S. poultry meat exports totaled an estimated 210 million pounds, compared with 177 million pounds in 1960. Poultry meat continues to be a good dollar earner. Shipments of this product under special government programs have been limited to small introductory shipments to countries where the product is largely unknown but where there appears to be a prospective future dollar market. Although U.S. poultry meat was shipped to about 60 countries in 1961, the bulk of total exports went to Western Europe, mainly West Germany, Switzerland, and the Netherlands.

Contributing to the increase in exports to these three countries have been the changing demand patterns made possible by the rapid modernizing of facilities for the wholesaling and retailing of poultry meat, including improvements in storage, refrigeration, and retailing methods. The supermarket's role is increasingly important in many large West European cities.

These shifts in demand have helped exports of all types of U.S. poultry meat, though chicken is by far the most popular item. Total U.S. exports of chicken meat are estimated at about 175 million pounds in 1961, up 30 percent over shipments in 1959. Exports of broilers and fryers increased 67 percent to 125 million pounds, or 60 percent of the total. Fowl exports rose 25 percent to 50 million pounds. West Germany, the world's largest importer of poultry meat, continued to be the major U.S. market for chicken meat, with takings of well over 100 million pounds in 1961. Switzerland remained the second largest U.S. market.

U.S. turkey exports also increased to about 30 million pounds in 1961 compared with 24 million the year before. West Europe is still the best and most promising export market for U.S. turkeys, and West Germany takes over 85 percent of U.S. shipments to the area. However, other sizable markets exist in this area if import barriers to entry of U.S. turkeys can be removed. Shipments of U.S. turkeys to Canada in 1961 again totaled about 4 million pounds, because of the quota limitation Canada places on its turkey imports.

U.S. exports of shell eggs were down substantially, to 15 million dozen compared to 18 million in 1960. Exports of hatching eggs were up but the increase was not sufficient to offset the decline in shipments of market eggs. This decline was due mainly to the sharp drop in shipments to Venezuela, the major outlet, where imports were limited in 1961 because of increased domestic production.

Exports of processed eggs were up slightly in 1961; shipments of dried eggs were virtually unchanged, but those of frozen eggs increased substantially. Exports of baby chicks were again higher.

Market Development Activities

Cooperative Action

In all market development activities (under section 104(a) of Public Law 480) to develop commercial markets for U.S. purebred dairy cattle, dairy products, poultry, and poultry products, the industries are continuing to be represented by three trade groups: Dairy products, by the Dairy Society International (DSI); poultry and poultry products, by the Institute of American Poultry Industries (IAPI) as the representative of the U.S. poultry industry's International Trade Development Committee; dairy cattle by the Purebred Dairy Cattle Association (PDCA), with its membership of the five individual purebred dairy cattle associations. DSI has received direct support from the American Dry Milk Institute in a new effort to promote an expanded export market for instant nonfat dry milk.

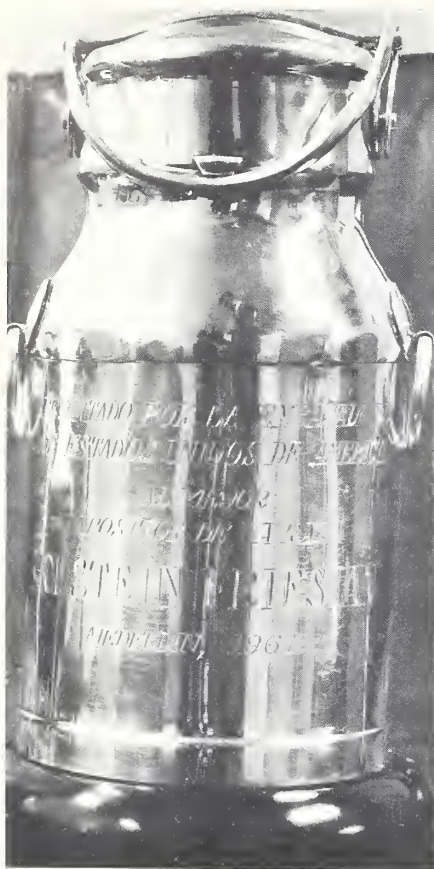
Dairy Cattle

Most market development activities to expand exports of U.S. dairy cattle are still directed toward the major U.S. export market -- Latin America. In 1961, however, to explore new export possibilities, the FAS dairy cattle marketing specialist surveyed the prospects in the Far East and Middle East. He found solid interest in the importation of U.S. purebred dairy cattle breeding stock in Japan, Israel, the Philippine Republic, Taiwan, and Iran. The response of U.S. dairy cattle breeders to one of these new opportunities was demonstrated by the donation of 14 registered Jerseys to the people of Yamanashi Prefecture, Japan, by the American Jersey Cattle Club. The secretary of this association and the FAS specialist accompanied the shipment and furnished market information on U.S. Jerseys. As a result of this trip the American Jersey Cattle Club invited a group of Japanese to come to the United States to observe Jersey cattle on U.S. farms. This was a joint FAS-American Jersey Cattle Club project.

During the year a continuing industry-USDA project provided judges for 9 shows in Latin American, 8 of them in the primary importing countries of that area. Visits carried out under this project now number 48. This type of activity--in which U.S. dairy cattle experts judge the dairy cattle at local shows, hold meetings with dairy cattle breeders, importers, and local officials, and demonstrate by classification activities the superior quality of U.S. breeding stock--has continued to encourage the increased purchase of dairy animals from the United States. For example, the Government of El Salvador sponsored two dairy-cattle purchase missions to the United States during



On board a plane bringing 14 pedigreed Jersey heifers to Japan, Japanese officials accept a further gift of frozen semen.



Above, the wife of a U.S. expert sent to judge at the Fifteenth Holstein Exposition at Medellin, Colombia, under a market development project, presents a model of a "Trutype" Holstein bull to the owner of the Grand Champion Bull, as the U.S. agricultural attache looks on.

Left, the "milk can" award, presented in the name of the U.S. Embassy by the agricultural attache, to the best representative of the Holstein Friesian breed shown at the Medellin Exposition. Similar awards were given also at other important Latin American cattle shows.

the year. These two trips led to the purchase of more than 60 dairy breeding animals.

The first full year during which U.S. agricultural attachés awarded prizes at major dairy cattle shows in the principal Latin American countries has proven this activity to be an effective means of increasing good will and broadening interest in imported U.S. breeding stock.

U.S. cattle continue to demonstrate their quality at these shows. At the La Molina Livestock Exposition in Peru, all Brown Swiss shown were from the United States and six of the 8 champions in the Holstein breed were purchased in the United States.

A project is now in operation for the translation and distribution of articles published by the breed associations in the United States on such subjects as new milk production records. Under this project 10 articles have been translated into Spanish in Colombia.

Dairy Products

In 1961 the highlights of market development activities for dairy products were the expanded demonstration and sales of instant nonfat dry milk at trade fairs and the opening of a new dairy plant in Chile which utilizes U.S. nonfat dry milk and anhydrous milk fat in the production of recombined milk and dairy products. This plant is the first of its kind established in Latin America, and its successful operation could lead to the development of other such plants and thus further expand the market for U.S. dairy products.

The successful introduction of instant nonfat dry milk into dairy exhibits at



Above, at the Cairo Fair, and left, at the Food, Cookery and Catering Exhibition at Manchester, England, visitors enjoy samples of the instant nonfat dry milk they have just seen reconstituted.

trade fairs in 1960 led to its being featured in exhibits and demonstrations at 7 fairs in 1961. It was also actually sold to fair visitors at all these fairs but 2, where such sales were not permitted at the fair exhibits. The main sales item has been the 3.2-ounce envelope that reconstitutes to one quart of liquid product. A total of 89,296 of these envelopes have been sold to fair visitors. At three fairs the visitors' demand far exceeded the available sales supply. The American Dry Milk Institute has joined actively with DSI in promoting this product, which has found a ready market even in areas of the world where there are ample milk production and ample supplies of dairy products other than instant nonfat dry milk.

A clear indication that the importation of U.S. nonfat dry milk into a developing country can be an asset rather than a detriment to the development of local production is the example of Israel. During the 10-year period 1950-59, total shipments of U.S. nonfat dry milk to Israel exceeded 192 million pounds. During approximately the same period, Israel's production of cow's milk rose from 210 million pounds to 617 million.

Poultry Products

In 1961 IAPI continued to expand its market development activities in the principal U.S. export market for poultry meat, Western Europe. The emphasis for such activities has been shifted from general promotion stressing the convenience and quality of frozen, completely eviscerated, ready-to-cook poultry to specific promotion of the U.S. product. In addition, complete brochures covering the production, processing, and marketing of U.S. broilers and U.S. turkeys have been translated into several languages for distribution in the major European markets.

The Division Director, accompanied by the chairman of the industry's International Trade Development Committee, completed an extensive survey trip to the Far East and Middle East to determine the potential for expanding existing markets and the establishment of new markets for U.S. poultry products in this area. As a result of this survey, it is believed that the Japanese market can develop into a substantial export market for the U.S. product. Sample shipments of U.S. poultry are moving to Japan and promotion activity has been begun by IAPI in cooperation with Japanese poultry interests.



At St. Eriks Fair in Sweden (above left) and at the food exhibit in Manchester (above right), housewives try out canned U.S. poultry.



Watching a demonstration and tasting a sample often pops open a pocketbook, as in the picture at right. This lady at the Manchester exhibit has just bought some frozen U.S. poultry from one of the demonstrators at the U.S. poultry products display.



A major activity continued to be the IAPI-FAS cooperative effort in establishing and carrying out exhibits at trade fairs. A total of seven such joint exhibits were carried out in 1961. In addition to demonstrations and sampling, actual sales of the product to fair visitors continued to be an effective and valuable means of establishing the sales potential for the U.S. product.

Special Competition Problems

Dairy Products.--Exports from the Netherlands have been giving U.S. dairy products increasing competition in foreign markets. Not only are the Dutch highly efficient in producing milk and its various products but, on all dairy products other than cheese, the dairy farmers receive a substantial subsidy. This subsidy comes mostly from Dutch consumers, who pay a retail price for fluid milk that is substantially higher than farmers receive. The subsidy fund also receives direct governmental appropriations, and some of the funds are derived from an equalization fee

assessed on imported feed grains. The Dairy Marketing Board pays producers this subsidy so as to raise the farmer's total return from milk to the desired level. The price that butter and cheese plants and condenseries pay for milk is comparable to the world market price; therefore, these plants can compete in the export market. However, owing to the intense competition on the butter market in London, an additional subsidy may be paid for butter exports to the U.K. market.

Poultry Products.--U.S. poultry exports to West Germany in 1961 have risen to 100 million pounds during the past 6 years. The United States is supplying about 32 percent of Germany's total poultry imports. Accompanying the increased U.S. shipments there has also been a sharp rise in German takings from the Netherlands and Denmark. No country supplies Germany with a bird of better quality than the U.S. bird, but several other countries, generally, prepare and pack their birds better than does the United States. Because of their nearness, exporters in the Netherlands and Denmark can service their accounts easily. The distance of U.S. exporters from the German market is a handicap, but it can be overcome, and U.S. exports to Germany can rise still further in absolute amounts as well as in proportion to the total.

The probable impact of the Common Market on U.S. poultry exports is under careful study. All the Common Market countries are making rapid progress in introducing American breeding stock, American production know-how, and American processing equipment. Poultry producers in these countries believe they have a golden opportunity to expand their poultry sales. At present, per capita consumption of poultry is rather low, but real earnings of workers are increasing rapidly and red meat prices are rising. The extent of this domestic expansion will be determined by the final provisions of the Common Market countries with respect to imports of poultry from third countries.

Selected Publications

U.S. Poultry Meat Products and The Common Market, Foreign Agriculture Circular FPE 1-61.

Planning and Equipping the Milk Recombining Plant, FAS-M-117.

Guide for U.S. Cattle Exporters, Agriculture Handbook No. 217.

U.S. Nonfat Dry Milk in Israel: Some Factors Affecting its Use, FAS-M-118.

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